

## Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
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R 081538Z DEC 77  
FM AMEMBASSY LAGOS  
TO SECSTATE WASHDC 5309

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E.O. 11652: GDS  
TAGS: IBRD, NI  
SUBJECT: WORLD BANK VIEW OF NIGERIA AFTER MCNAMARA VISIT

1. IN THE WAKE OF IBRD PRESIDENT MCNAMARA'S VISIT TO NIGERIA IN EARLY NOVEMBER, IBRD RESIDENT REPRESENTATIVE HERE HAS INFORMED US OF SEVERAL POINTS WHICH WERE RAISED RELATING TO ECONOMIC DEVELOPMENT AND THE CARTER VISIT.

2. BANK HAS DECIDED THAT AREAS OF MOST URGENT IMPORTANCE IN NIGERIA ARE AGRICULTURE AND ELECTRIC POWER GENERATION. AS FMG ADMITS ITS OWN WEAKNESS IN PROPOSING SOUND PROJECTS, IBRD REALIZES THAT IT MUST NOT ONLY FUND PROJECTS BUT PROPOSE AND PLAN THEM IF ANYTHING IS GOING TO BE ACHIEVED. IT IS PREPARED TO DO THIS AND EXPECTS TO EMERGE WITH NEW LOAN PROGRAM IN 1978. KEY PROBLEM IN SLUGGISH AGRICULTURAL SCENE, IN BANK'S OPINION, IS SMALL FARMERS' LACK OF CREDITS. LENDING INSTITUTIONS LAY ON SO MANY REQUIREMENTS BEFORE APPROVING LOANS THAT FARMERS HAVE NO HOPE OF OBTAINING URGENTLY NEEDED MONEY. IBRD-FUNDED NIGERIAN AGRICULTURAL BANK IS DEEMED UNSUCCESSFUL BECAUSE OF OVERLY CONSERVATIVE POLICIES OF ITS NIGERIAN DIRECTORS. IBRD IS SERIOUSLY WORRIED OVER GAP BETWEEN ELECTRIC POWER DEMAND AND SUPPLY AND WILL BE SYMPATHETIC TO ASSISTANCE PROPOSALS IN THIS FIELD. MCNAMARA, HOWEVER, WANTS NOTHING ELSE TO DO  
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WITH INFRASTRUCTURE. HIS STAFF REPORTS THAT HE RESISTED ALL ATTEMPTS TO HAVE HIM EVEN LOOK AT LAGOS PORT.

3. ALTHOUGH PREPARED AND ALERT TO DISCUSS FAMILY PLANNING ACTIVITIES DURING MCNAMARA'S STAY, BANK OFFICIALS ENCOUNTERED NO MENTION OF SUBJECT ON THE PART OF ANY NIGERIANS. MCNAMARA, WHO IS PAST HAS BEEN PRONE TO RAISE ISSUE, REPORTEDLY SENSED

ATMOSPHERE WAS ADVERSE TO ANY DISCUSSION AND MADE NO REFERENCE TO ISSUE. BANK OFFICIALS HERE CONCLUDE THAT ANYTHING RELATED TO LIMITATION OF POPULATION IS HIGHLY SENSITIVE AND PROBABLY WISE TO AVOID.

4. HIGH POINT OF VISIT WAS INTENSIVE CONVERSATION BETWEEN OBASANJO AND MCNAMARA WHICH LASTED OVER AN HOUR. AT ONE POINT OBASANJO EXPRESSED WORRY THAT IBRD WAS BEING 'POLITICALIZED' BY "ONE DOMINANT WESTERN POWER" WHOSE INSISTENCE ON HUMAN RIGHTS COULD WORK TO DETRIMENT OF DEVELOPING NATIONS. MCNAMARA REPLIED THAT THIS WAS NOT REALLY THE CASE BUT IF OBASANJO FELT STRONGLY ABOUT THIS HE SHOULD TAKE IT UP WITH PRESIDENT CARTER WHEN THE LATTER VISITED NIGERIA. GENERALLY AMICABLE SESSION FLARED UP JUST AS IT WAS ABOUT TO CONCLUDE WHEN OBASANJO INQUIRED ABOUT BANK'S VIEW OF NIGERIA'S FIVE-YEAR DEVELOPMENT PLAN. MCNAMARA STATED THAT IT WAS A POOR PLAN. IN FACT NOT REALLY A PLAN AT ALL BUT A LIST OF WANTS. IT LACKED ANY ATTENTION TO PRIORITIES AND DID NOT TAKE INTO ACCOUNT NIGERIA'S OWN RESOURCES NOR THE AVAILABILITY OF FOREIGN BORROWING. IT TRIED TO DO EVERYTHING AT ONCE WITHOUT ADEQUATE PRIOR STUDY. OBSANJO REPORTEDLY APPEARED SHOCKED BY THIS CRITIQUE BUT FOC SEVERAL MINUTES OF GIVE-AND-TAKE THE RAPPORT RETURNED. AFTER LEAVING THE HEAD OF STATE, MCNAMARA WAS TAKEN ASIDE BY FINANCE MINISTRY'S OLULEYE AND WARMLY THANKED FOR SPEAKING UP TO OBASANJO AND TELLING HIM SOME 'ECONOMIC TRUTH.'

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5. MCNAMARA HAD A FAVORUBLE IMPRESSION OF OBSANJO, OF NEW CENTRAL BANK GOVERNOR VINCNET AND OF MIN FINANCE COMMISSIONER OLULEYE AND PERM SEC BELLO. HE HAD A MUCH LOWER OPINION OF THE OTHER ECONOMIC MINISTRIES, ESPECIALLY THE MINISTRY OF ECONOMIC DEVELOPMENT WHICH SEEMED TO BE UNINFORMED AND UNDIRECTED  
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## Message Attributes

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